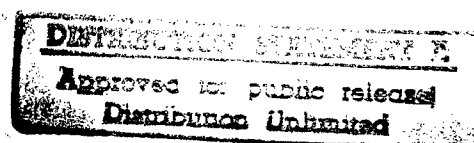


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# ***JPRS Report***

## **East Asia**

***Southeast Asia  
Vietnam: TAP CHI CONG SAN  
No 9, September 1992***



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# East Asia

## Southeast Asia

### Vietnam: TAP CHI CONG SAN

### No 9, September 1992

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5 January 1993

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## Socialism—Theory and Practice

### Protecting National Security in the New Situation

933E0004A Hanoi TAP CHI CONG SAN  
in Vietnamese No 9, Sep 92 pp 3-7

[Article by Bui Thien Ngo, member of the Politburo and minister of interior]

[Text] Since the seventh party congress, the international situation and the situation within our country have undergone many rapid changes. This has created both new opportunities and new difficulties for us.

The striking thing is that the crisis and collapse of a number of socialist countries and the Gulf War have strongly encouraged the enemy forces to implement plots to eliminate socialism and threaten the independence, sovereignty, and territorial integrity of our country. Reactionary groups in the country say that their chance has come. They are looking for ways to join forces with the imperialists and outside reactionary forces to arouse people and create a basis in order to destroy the revolution and block the renovation process of our people.

Our people, under the leadership of the party, have forged solidarity, become self-reliant, overcome many difficulties and hardships, striven to implement the party's resolutions, achieved political stability, and made progress on the economic development front.

However, with their evil designs, the enemy forces are trying to implement a strategy of "peaceful change" in conjunction with "non-peaceful change" with respect to our country. They are encouraging the implementation of political pluralism and the formation of a multi-party system, calling for an end to the leadership of the party, propagating degenerate and poisonous ideas and culture, and sending spies and commandos to destroy our country.

The strategy of "peaceful change" is actually aimed at toppling the socialist system in our country and eliminating the leadership of the party. One of their common stratagems is to make integrated use of destructive forces through political, economic, ideological, cultural, and social activities, implement their plots gradually and quietly, generate "rot" from within, and encourage the reactionary forces that oppose the people to rise up so that armed forces from outside don't have to be used. This is the key element of their so-called "victory without war." Reality has shown that in the process of implementing "peaceful change," they have frequently changed forms, measures, and stratagems depending on the place and time.

Ideological destruction is a very important and dangerous spearhead, and they are doing everything possible to strengthen this. Not only are they using common means of psychological warfare, but they are also expanding their activities in the spheres of politics, philosophy, law, history, religion, culture and arts,

ethics, aesthetics, and mode of life and becoming involved in theoretical and ideological struggles everywhere. They often spread false rumors and distort the truth in an attempt to mislead people or cause people to lose their ideological direction and create divisions within the party. The primary targets of ideological destruction are those people who have lost their political direction, who are ideologically empty, and who are morally degenerate.

The internal ideological struggle must be clearly distinguished from the destructive ideological activities of the enemy. In the face of the turning points in the revolution, the cadres and people have many different ideas for many different reasons. This is normal. The problem is that based on the highest interests of the country, people must educate and persuade each other using reason and avoid being suspicious and prejudiced.

We want to be friends with all countries in the world community, and we are struggling for peace, independence, and development. But we cannot allow people to use that to bring a reactionary, degenerate culture into our country, and we certainly cannot allow anyone to use that to spread propaganda to attack and topple our system.

Economic destruction is an insidious stratagem that is being implemented by the enemy forces using every means possible in an attempt to weaken us economically, create feelings of hopelessness and dissatisfaction among the masses, and exert pressure to topple our system. Economic destruction is linked to political destruction, and in that sense, it, too, is political destruction. The point worth noting about the economic destruction activities of the enemy is that they are encouraging the wrong aspects of the market mechanism, organizing "black markets," encouraging speculation, smuggling, and the bribing of cadres, particularly cadres in the foreign economic organizations, encouraging people to demand the return of the enterprises, fields, and stores to the old owners, and inciting strikes and walk outs.

Our people welcome investment by foreign capitalists and are ready to create the most favorable conditions possible to enable them to invest here. They welcome cooperation by economic and scientific and technical specialists aimed at helping our country's economy to grow faster. We welcome these people based on the principle of mutual benefit. But we cannot allow people to use this to deceive the masses, and we cannot allow anyone to use the open door [policy] and economic exchange to destroy our country's economy.

Looking at both the past and today, we can see that the final goal of the enemy's strategy of "peaceful change" is to eliminate socialism and national independence and topple the people's regime led by the communist party. The forms of ideological and economic destruction all start from political requirements and lead to political destruction. Unfortunately, today, a large number of our cadres and people do not understand this fully and do

not clearly see that the most important requirement is to constantly solidify and defend the regime and not allow the enemy forces to use this opportunity to weaken and topple the regime. People have to realize that the politically destructive forms and stratagems now being used by the enemy are very cunning and subtle. They are looking for ways to divide the party, strike within the party, draw in revisionist and opportunistic elements, and erect an "internal banner" in order to create a base for the destructive activities of the opposition forces. They are trying to divide the nationalities in the country and encouraging narrow nationalism and separatism. They are trying to create religious divisions and encouraging the various religions to oppose each other and oppose the revolutionary regime. They are trying to drag in and corrupt a number of misguided people in intellectual circles and artists and writers, and they are encouraging students and youths to serve as "fuses" in stirring up trouble and causing disorder. Abroad, they are organizing and guiding the exiled reactionaries, influencing Vietnamese living abroad, selecting and training spies in preparation for sending them into Vietnam, and coordinating things with internal reactionary and resistance forces in order to build bases, expand the forces, and coordinate things here and abroad while waiting for the opportunity to rise up and topple our regime.

The enemy's "peaceful change" plot is a very insidious plot, and their destructive stratagems are very subtle. They are coordinating the traditional with the modern. But how much they can do depends on us and on the efforts of the entire party, all the people, and the military in building socialism and defending our socialist fatherland. Reality has shown that the struggle to protect national security and oppose "peaceful change" is a class struggle and a national struggle. This is a struggle between revolutionaries and counterrevolutionaries and between the people and the imperialists and international reactionaries.

Posing the matter of maintaining national security as a key task in building and defending the fatherland, the resolution of the seventh party congress clearly stated that [we must] "maintain national security, preserve the political stability of the country, wage a struggle to defeat the destructive plots and actions of the enemy forces and other criminals, maintain social order and security, protect the fruits of the revolution, and ably support the renovation movement." In the new situation, in the sphere of national security, it is clear that opposing the enemy's strategy of "peaceful change" is a very pressing task that will contribute to maintaining political stability and effectively support renovation in our country.

In order to complete the task of maintaining national security in the new situation, we must grasp the following basic points:

1. Closely coordinate building socialism with defending the fatherland.

In the past period, in general, we have tried to coordinate these two aspects and because of that, we have gradually overcome the shortcomings, closed the loopholes, and gradually built up and developed the economy and culture and maintained national security. However, on a number of fronts, at various times and places, there has been a gap between construction and defense. There have been times when these have even conflicted, which has done great damage.

Today, in the face of the changes in the international situation, building socialism must be tied to defending the fatherland even more closely. Maintaining national security means defending our socialist system and fatherland. Building socialism means building the country on all fronts, that is, the political, economic, cultural, and social fronts. National security does not refer just to political security but also to economic, cultural, ideological, and social security. Maintaining national security is the task of the entire party, all the people, and the entire military, and this is manifested in the tasks of each sector, echelon, and unit. This is the responsibility of every cadre, state employee, and citizen.

In life, there are socioeconomic problems which, if they are not solved or if there are serious violations, will become political problems. "Fund swindles," credit cheating, the illegal use of national grain reserves, and so on not only do serious damage to the economy but also have a bad effect politically. Laxity in ideological and moral education has led to the spread of poisonous cultural products. This is not just an ideological and cultural problem but also a political problem. Running after individual and local interests and allowing commodities to be smuggled into the country has not only done great damage to domestic industries but also led to an increase in corruption, which was already causing inequalities among the people, which in turn was causing an increase in crime. If we do not see the mutual-effect and mutual-change relationship between the various aspects of social management, we will not be able to build a strong foundation for national security. If we do not understand and handle the linked and unified relationship between construction and defense properly, it will be impossible to carry out those two things well.

2. Closely coordinate national defense and security.

Coordinating these two aspects must become a unified strategy between the tasks of developing the economy and society and maintaining security and social order and coordinating and solidifying all-people's national defense and the people's security.

Maintaining security and social order and preserving political stability means maintaining a strong national defense. Conversely, solidifying national defense means creating the conditions for maintaining security and social order. So that things are in accord with the new situation, coordination between national defense and security and between security and national defense

requires broader themes, more forms, and more varied coordinating mechanisms, and things must be tighter. The strategies for dealing with the enemy in peacetime are different from those during wartime and those for dealing with internal enemies are different from those for dealing with external enemies. In each sphere, national defense and security have specific objectives that are different, different operating formulas, and different ways of handling things. Because of this, based on the common theme of defending the fatherland and protecting the system, in the national defense and security strategies, we must develop scientific arguments and a correct coordinating mechanism for each specific situation and each specific location (the border areas, the interior, the islands, the continental shelf, and so on). Looking at the basic targets, this coordination will enable us to separate internal enemies from external bandits, promptly crush the seeds of revolt from within, and be fully prepared to defeat any act of military aggression by the enemy.

This coordination in the sphere of national defense can include several important themes: protecting national defense secrets (strategies, operations, tactics, and so on); maintaining our national defense potential; maintaining things with the military, coordinating maintaining political security with opposing encroachments on socialist property in the military, with particular attention given to carefully controlling the weapons and equipment; coordinating maintaining security in the military with maintaining security and order in society; and so on. On a broad scope, building an all-people's national defense must be coordinated very closely with building and expanding the people's security and maintaining a peaceful and happy life for the people. The military and people's security forces must formulate and implement a plan to coordinate things and contribute to successfully implementing the renovation movement in peacetime and to stabilizing and developing our country.

3. Relying on the people, the integrated strength of the political system under the leadership of the party must be manifested, the effectiveness of state management and administration must be improved, the various struggle forms of the masses must be coordinated with professional and specialized measures, and the people's security must be made strong everywhere.

National security is directly related to the vital interests of each member of society. This is a task of the people, by the people, and for the people. Actually, this is a revolutionary mass movement aimed at building up the people's security, maintaining security and order from the primary level, and ensuring a peaceful, happy, and wholesome life for each person. When the masses rise up to maintain security and order, that is the most fearsome force to enemies and criminals. We must make a great effort and have suitable forms to build a mass movement to maintain security and social order in all the localities and closely coordinate the struggle forms of the masses

with the professional, scientific and technical, administrative, and military measures. Only with such coordination will we be able to create an integrated strength and ensure that the struggle to maintain security and order achieves results.

All aspects of maintaining national security must be carried on under the direct leadership of the party. This is the most basic and most important guiding principle for mobilizing the strength of all the people and the integrated strength of the entire political system and for ensuring the success of the struggle. Besides putting forth correct lines, strategies, and policies, something else that is very important is to educate the party members, regardless of their position, and set an example in implementing the policies and laws.

The state's management and administrative role in the sphere of maintaining security and social order is very important. The expansion of democracy must be codified in law, and society must be regulated by laws. The law must be a sharp and effective tool that manifests the will power and legitimate power of the state and people. As democracy expands, laws and discipline must be strengthened. On one hand, the existing laws must be implemented strictly. On the other hand, outmoded laws must be revised, supplemented, or replaced promptly in order to satisfy the requirements of the new situation.

4. Between maintaining things internally and blocking destructive acts from the outside, maintaining things internally is the decisive condition for defeating the enemy's strategy of peaceful change.

With a thorough understanding of the basic viewpoints discussed above, there are a number of pressing tasks that must be carried out:

1. The position of socialist ideology in the entire party, among all the people, and in the entire military must be built up and solidified.

Solidarity and unity of thought and action among the cadres and party members, which leads to political and spiritual unity among the people, is the decisive factor in creating the great strength needed to defeat the destructive plots and actions of the enemy in any situation. Education and propaganda must be promoted to enable the cadres and people to understand and firmly agree with the renovation lines and policies of the party and state, increase their vigilance, and not be taken in or fooled by the enemy's "peaceful change" plots and stratagems. Political and ideological education must be coordinated closely with opposing ideological destruction. Patriotism and the existing national pride of our people must be fostered, and the national culture must be improved and developed. At the same time, the spirit of revolutionary vigilance must be honed, a sharp and timely struggle must be waged against the ideologically destructive ideas of the enemy, foreign cultural products

brought into the country must be controlled and managed closely, and those with reactionary and degenerate contents must be discovered and dealt with promptly.

2. The task of developing the economy and society must be closely tied to the task of maintaining security and order, and efforts must be concentrated on solving the urgent economic and social problems.

Based on stepping up production and on improving and stabilizing the lives of the people, jobs must be created for laborers and attention must be given to the legitimate interests of the workers, farmers, poor urban dwellers, tribesmen in the highlands and remote areas, armed forces, intellectuals, artists and writers, and students. People from all social strata must be mobilized to organize and expand social and charitable activities to help the families of war invalids and war dead, the elderly, and the disabled. There must be social justice, socioeconomic development must be linked to the struggle against corruption and smuggling, and those who have committed crimes must be dealt with harshly in accord with the law without exception. Developing the economy must be tied to strengthening the security and national defense potential and to maintaining discipline, the laws, and national sovereignty.

3. The mass movement to maintain the security of the fatherland and build up the position of people's security must be promoted.

In conjunction with building up the position of all-people's national defense, based on promoting the movement to maintain the security of the fatherland, safe zones in terms of security and order must quickly be solidified. The primary-level public security forces and part-time forces must be solidified, and the mass movement to encourage criminals to turn themselves in must be expanded. Prompt action must be taken to block and smash disruptive plots and actions. An active and continuous offensive must be waged against criminals. The ringleaders and die-hards in the resistance forces must be suppressed resolutely, but leniency must be shown toward those who have gone astray. Dangerous and professional criminals and violent hoodlums must be dealt with resolutely. But the door must be opened to reforming and educating followers and those who have temporarily gone astray.

Regarding criminals, we regard all-society prevention, education, and reform as the most basic measures.

4. We must continue to build truly honest and strong people's public security forces.

Building revolutionary, regular, and well-trained people's public security forces, gradually modernizing these forces, relying on the people, and building assault units on the national security front is one of the most important problems. We must continue to renovate leadership and guidance and renovate occupations, methods, and work styles. The people's public security forces must be trained and educated so that they are absolutely loyal to

the fatherland, the people, and the party and so that they will faithfully serve the people, and an effort must be made to overcome the negative phenomena among the forces. Along with improving the political, professional, legal, scientific, and technical standards of the cadres and men, the public security forces must be equipped with more materials and equipment in order to satisfy the combat requirements in the new period. The material and spiritual lives of the cadres and public security forces must be improved. This is particularly important for those who are fighting day and night on dark fronts and confronting the enemy and other criminals in very difficult and complex conditions.

With the initial achievements scored on the path of renovation, manifesting the heroic tradition of our nation, under the correct leadership of the party the people's public security forces, together with all the people, will certainly continue to overcome the difficulties and challenges and defeat the "peaceful change" plot and other destructive plots of the enemy, firmly maintain national security, and contribute to the sacred task of building and defending the fatherland.

#### **The Development of Vietnamese Aquatic Products During the Period 1991-1992**

00000000 Hanoi TAP CHI CONG SAN in Vietnamese No 9, Sep 92 pp 8-11

[Article by Nguyen Tan Trinh; not translated]

#### **Vietnamese Agriculture in the Coming Period**

00000000 Hanoi TAP CHI CONG SAN in Vietnamese No 8, Sep 92 pp 12-16

[Article by Tran The Thong; not translated]

#### **Strengthening the Economy and Social Justice**

00000000 Hanoi TAP CHI CONG SAN in Vietnamese No 9, Sep 92 pp 17-20

[Article by Dao The Tuan; not translated]

#### **The Possibility of Integrating Vietnam's Economy With the World Economy**

933E0004B Hanoi TAP CHI CONG SAN in Vietnamese No 9, Sep 92 pp 21-23

[Article by Assistant Professor To Xuan Dan, M.A. in economics, National College of Economics, Hanoi]

[Text] The objective tendency toward internationalizing world economic life requires strong participation by Vietnam's economy in the international division of labor and international trade exchanges. In order to fully exploit our domestic sources of strength and gain a favorable position in the international division of labor, we must determine suitable steps for "integration" with the world economy. Suitable steps (concerning scale, speed, and directions) will determine the result of the

integration process. An important issue is predicting the capabilities and necessary conditions for integrating our economy with the world economy.

**I. The potential for Vietnam's economy to participate in the international division of labor and commercial exchanges.**

1. The year 1990 can be regarded as the starting point when Vietnam's economy entered a new stage of development, the stage of implementing the Strategy for Stabilizing and Developing the Economy and Society to the Year 2000. The point that needs to be affirmed is that thanks to implementing the new economic policy, Vietnam's economy has gradually switched to a market mechanism with state management and gradually escaped the sluggishness and crisis of the past. However, our level of economic development is still low. The 1990 per capita gross domestic product (GDP) was only \$200. At the same time, a number of other Asian countries had a much higher starting point (30 years ago): Taiwan had a per capita GDP of \$1,000, and those of South Korea and Thailand were \$700 and \$300 respectively. Thus, if we are to catch up with those countries and integrate our economy with the world economy, we must make a great effort in economic development.

Vietnam's potential for development in the next 10 years depends on two factors: internal policies and the external situation. As for domestic policies, it can be affirmed that the process of renovating Vietnam's economy is irreversible and that development policies will continue in the direction of greater openness. Vietnam's economy is undergoing challenges and expanding investment opportunities, and important initial results have been achieved.

Although the present international situation is very complex, above all, in the Asia-Pacific region, there is now greater political stability, and economic dynamism has increased. With the policy of "Vietnam wants to be friends with every country," we can build a friendly and stable relationship with all the countries in the region, and we will have many opportunities to effectively exploit external sources of strength.

2. Although the scale of Vietnam's foreign economic activities has not been large in past years, the rate of increase has been quite notable.

The export value in the period 1981-1985 increased an average of 15.6 percent a year, and during the period 1986-1990 it increased an average of 20.7 percent a year. In 1991, although there were major market changes, exports reached \$2,082 million and 80 million transferable rubles (which exceeded the annual plan by more than 10 percent). The gap between exports and imports has gradually declined (in 1991, exports reached \$2,198 million). As compared with the first six months of 1991, for the first six months of 1992 exports increased 37 percent while imports increased only 9 percent.

Although we are just in the initial stage of attracting foreign investment capital, we have achieved encouraging results. In the four-year period 1988-1991, the state issued investment permits for 363 proposals with total legal capital of \$2,692 million. In particular, in 1991 there were notable changes (149 proposals with a total capital of \$1,234.3 million). During the first quarter of 1992, the state issued permits for 40 proposals with a total legal capital of \$273 million. The point worth noting is that not only have the number of proposals increased, but the scale of each investment proposal has increased, also. In 1990, the average legal capital for each industrial proposal was \$1.8 and that for each hotel proposal was \$4.48 million. But in 1991, the corresponding figures were \$7.5 million and \$9.03 million respectively.

In our country, we have varied international service activities that can earn foreign currency. These include tourist, air and sea transport, and posts and telegraph activities. The above results show that external economic activities in Vietnam are expanding and becoming more and more varied, and the rate of development is increasing. Clearly, with our capabilities and with our intelligent policy of an open external economy, we will certainly achieve even greater results, and our degree of participation in the international division of labor and international trade exchange will increase greatly.

3. Based on the targets of our country's Economic and Social Strategy to the Year 2000 and on the capabilities and comparative advantages of Vietnam's economy, we can make a number of preliminary predictions concerning the scale and rate of participation of our country in the international division of labor and international trade exchange in the coming 10 years:

On attracting foreign investment capital: In the coming 10 years, Vietnam will need approximately \$40-50 billion in investment capital for the various spheres of the national economy. Of this, \$20-30 billion will have to be foreign capital. In attracting investment capital, a widespread form with a positive effect is to use joint-venture contracts. Foreign joint-venture capital must reach \$17-22 billion. This joint-venture capital must be distributed rationally among the economic sectors and regions in the country, with attention focused on a number of key sectors and regions in order to create a dynamic and effective structure for the economy.

Along with attracting capital, another task is to organize specialization and international cooperation in production and in scientific and technical research. It is essential to establish specialized and cooperative relationships with foreign corporations, particularly multinational corporations, in the assembly and processing industries and in international travel and international transport activities. We must coordinate things with many other countries, particularly other countries in the region, in order to expand the scale and improve the results of international specialization and cooperation.

On international commercial exchanges: In order to overcome our long-standing trade deficit, increase our ability to pay our debts, and improve economic results, we can and must raise the export value to \$10-12 billion by the year 2000 (an increase of five-six times as compared with 1991). The import value will increase, too, but we must achieve a trade surplus by the end of the decade. This means that we must not only expand production but also expand market relationships, select an appropriate export pattern, and organize import-export activities in a highly effective way.

The various service activities that earn foreign currency (such as international tourism, air and sea transport, labor export services, information activities, international insurance activities, and so on) will be expanded using a variety of forms that are suited to the capabilities of our economy and that can satisfy the needs of the international economy. The average yearly rate of growth of these services will be fairly high, that is, approximately 20-25 percent a year.

## **II. Several problems that must be solved for integration with world markets.**

The forecasts start from the development requirements and objective capabilities of Vietnam's economy. In order to turn those predictions into reality, the economic management echelons and the primary-level economic units must make a subjective effort. This also requires high organizational abilities and rational steps. A number of the important problems that must be solved are:

1. The domestic economic structure must be changed to make it more dynamic and effective in accord with the requirements of international markets. At the same time, the advantages of our country's economy must be exploited and manifested fully. The work of changing our economic structure, which is something that people have been examining for many years now, must continue to be perfected and supplemented. This is a progressive process that proceeds gradually and constantly and that requires constant improvement. Subjective pressure cannot be applied. The structure of the economy includes not only the structure of the sectors but also the structure of the economic elements and economic zones, the structure of the technical level, the reproduction pattern based on the stages, and so on.

The process of thoroughly changing the economic structure will enable people to see the comparative advantages of our country's economy, enable Vietnamese commodities to satisfy the needs of world markets, and allow us to participate in the international division of labor.

2. The economic mechanisms and policies must be renovated and perfected, and a synchronized system of laws that is in accord with international laws must be built. This is a key problem that affects the various conditions for integration, particularly ensuring fair and just legal conditions for the commercial environment.

Changing the economic mechanisms and policies includes other things besides enabling the market mechanism to operate and making full use of the economic levers. The important thing is to gradually codify things into law with strong legal guarantees. Besides the favorable advantages with respect to investment policies, foreign businesses are also very concerned about clarity, unity, and stability in the economic mechanism and policies. They are concerned about real legal guarantees and strict enforcement of the laws. Joining international conventions and ensuring agreement between our laws and international laws is very important for economic integration. The changes in the economic mechanisms and policies will follow the renovations made in the management system. In particular, the state management apparatus must be simplified and operate efficiently. Following that, we must create an open and rapid work style and oppose bureaucratism, authoritarianism, and corruption by making full use of the management tools. This will bring about a wholesomeness in the business environment, increase our ability to cooperate, and increase the sense of responsibility of each unit and individual.

3. The socioeconomic infrastructure must gradually be built up and modernized. This is an objective requirement for integration, an objective condition for the operation of the domestic economy based on common standards, an essential factor for the investment environment, and a requirement to provide the minimum standard of living for each person. The various infrastructural factors must be built simultaneously following specific steps. Things must be improved gradually, and they must be managed and used effectively. The socioeconomic infrastructure consists of many different factors, from hydroelectricity, communications and transportation, information, banking services, and public health-social insurance to the maintenance of security and social order. Maintaining the purchasing power of the Vietnamese dong and gradually increasing the potential for converting it into foreign currencies is a very important condition for integration with the world economy.

4. A rank of cadres with excellent professional standards and a lofty national spirit and an appropriate allocation must be built. To do this, the cadres must regularly be trained so that they have excellent technical and managerial standards, understand international laws and regulations, and have business knowledge and capabilities. Only with such a rank of cadres will we be able to directly and effectively manage the integration of our country's economy with the world economy.

5. The first step in joining the world economy is to integrate our economy with the regional economy. Greater and greater stability and peace in the region is a favorable condition for the economic growth of each country. The development experiences of the other countries in the region will help us find the best path for our country. The process of integrating our economy with those of the other countries in the region has many



favorable conditions, but there are also many difficulties and problems. But growth and common interests will enable us to settle matters and overcome the existing problems that need to be solved.

The opinion in many countries is that Vietnam is a new factor that is making a positive contribution to the political stability of the region and increasing the attractiveness and dynamism of economic development in the region. Actively participating in the political, diplomatic, cultural, and scientific activities in the region and participating in signing legal documents in order to bring about stability and cooperation are important steps for Vietnam in integrating with the zone and world economy.

### On State Capitalism

033E0004C Hanoi TAP CHI CONG SAN  
in Vietnamese No 9, Sep 92 pp 24-28

[Article by Khong Doan Hoi]

[Text] Lenin gave high marks to state capitalism and regarded this as an important transitional stage in transforming a small-peasant country into a socialist country. In Vietnam today, understanding and using state capitalism is an issue that needs to be studied in depth in order to support the renovation of the country.

During the period of preparing for and carrying on the Eleventh Congress of the Russian Communist Party (b), there were many people who disagreed with Lenin's ideas on state capitalism. Many people said that state capitalism was still "capitalism." They said that this simply entailed expelling the well-known Russian capitalists and then "welcoming well-known English and French capitalists." Lenin said that such views were a scholastic way of looking at things and that they were true only in conditions in which the state regime was still in the hands of the bourgeoisie and that regime directly controlled the capitalist enterprises. [Footnote 1] [Lenin, "Collected Works," Progress Publishing House, Moscow, 1978, vol 45, p 101]

According to Lenin, regarding state capitalism during the period of transition to socialism, state management is no longer in the hands of the bourgeoisie but is carried out by the proletariat. Thus, that is not state capitalism as it existed under the capitalist system. This is a new phenomenon and a new concept that had not existed before in theory. Not even Marx predicted this. This was "something unexpected." This was because no one had ever imagined that the proletariat could seize power in an undeveloped capitalist country in Asia. The dream of being able to organize large-scale production and distribute things directly to the peasants in such economic and cultural conditions—which is what people thought would happen—was an illusion.

Lenin argued that for a small-peasant country to build socialism, it would have to involve the peasants through

a new type of economic alliance. In Lenin's New Economic Policy, commercial exchange was viewed as "a new form of capitalism [Footnote 2] [Ibid., vol 44, p 58], as the reestablishment of capitalism to a certain degree, and as a "type of capitalism that is allowed to exist and limited by the working class." [Footnote 3] [Ibid., vol 45, pp 343, 344] Lenin emphasized many times that with a small economy and free trading, capitalism will appear and grow and "that is a truth that cannot be denied." Whoever tries to avoid that is simply trying to comfort himself using empty words. But for us, this capitalism is not something that "should be feared" [Footnote 4] [Ibid., vol 43, p 187] but something that "should be welcomed" [Footnote 5] [Ibid., vol 43, p 462] and that "will save us." [Footnote 6] [Ibid., vol 36, p 311]

Thus, state capitalism, in brief, "is a type of capitalism that we can limit and delineate the boundaries. This state capitalism is linked to the state, with the state being the workers, the progressive elements among the workers, the vanguard units, and us." [Footnote 7] [Ibid., vol 45, p 102] Lenin had many other concrete ways of explaining state capitalism in conditions in which the state regime was in the hands of the proletariat. For example, this is a "special" state capitalism that is different from state capitalism understood in its "black meaning" and from "ordinary concepts about state capitalism." This is a type of capitalism that "depends on the state," that "serves the state," and "that is consciously allowed to exist and limited by the working class."

Based on Lenin's analysis, state capitalism under a workers' regime in a small-peasant country can be understood to mean the development of a commodity economy and, from that, the "revival," "reestablishment," and "growth" of capitalism to a certain degree. This also means "accepting" and at the same time "bringing in" capitalism from abroad. This means utilizing the achievements of man, including capitalism, and enabling "capitalism to participate in our work." At the same time, this is also an "intermediary link between small-scale production and socialism." It is a means, path, and formula for expanding the production forces and a "transitional step from an undeveloped economy to socialism." In order to make use of capitalism and "enable capitalism to participate in our work," naturally, in the transitional economic structure, private economic elements, private capitalist elements, and state capitalist economic element must be present (in the sense that this or that capitalist enterprise is under the direct control of the state regime).

Lenin not only put forth a theory on state capitalism in the conditions of a worker-peasant country but also directly guided the implementation of this theory using many forms: concessions, agents, and joint ventures between the state and private capitalists and foreign capitalists. For example, capitalists can be allowed to lease an enterprise or mining area, forest zone, or land zone (similar to a concession), peasants can be allowed to lease small mines, and so on. Among the various forms

of state capitalism, the concession form was used the most. As for the cooperative form, at the very beginning, Lenin regarded this as a form of state capitalism. But later on, Lenin said that the cooperative system is identical to socialism. [Footnote 8] [Ibid., vol 45, pp 427, 428]

The implementation of state capitalist during that period contributed greatly to the restoration and development of the Russian economy. However, because of the hostile attitude of world capitalists toward the first soviet regime in the world, during the period 1923-1924 (when Lenin was still alive), the percentage contributed by state capitalism to the country's gross product was only about 1 percent, and this percentage gradually declined during the period 1927-1928 (0.6 percent). By 1931, this economic form had ceased to exist.

According to Lenin, a very important role played by state capitalism at that time was that it enabled the worker state to quickly expand the production forces and increase the quantity of products in a short period of time in order to satisfy the pressing needs of the peasants. "In a country that has suffered unprecedented destruction and in which the great majority of the people are poor peasants, without the help of the capitalists (naturally, in helping us, they will squeeze money from us and make too great a profit), we will not be able to maintain the proletarian regime." [Footnote 9] [Ibid., vol 43, p 82] State capitalism is a tool to unite production, overcome the dispersed state of affairs, and wage a struggle against the spontaneity of the petty bourgeoisie and capitalism. Although capitalism is backward as compared with socialism, it is still a progressive economic system as compared with a small-peasant economy. The development of state capitalism also helped the soviet regime in the struggle against bureaucratic centralism. This is because the economic roots of bureaucratism in a small-peasant country are the lack of exchange and the lack of relations and mutual influence between industry and agriculture. Through state capitalism, the working class can learn from the capitalists how to manage large-scale production. Developing state capitalism also means developing the ranks of the working class. State capitalism can also be viewed as a means of peacefully reforming the bourgeois class on the path of socialist nationalization. "Importing" capitalism from abroad under the state capitalist economic form actually means bringing in capital and technology and making full use of the strengths of the age. Lenin said that not using state capitalism is not a manifestation of our strength and intelligence but a manifestation of a narrow-minded outlook, weakness, and stupidity.

After the Second World War, a number of countries implemented state capitalism and achieved certain results. For example, in East Germany, up to the beginning of the 1970s, there were 6,700 state capitalist enterprises and 2,300 private capitalist enterprises. In the past, the People's Republic of China scored achievements in using state capitalism, which had the nature of a peaceful way of reforming the national bourgeoisie.

After that, when China implemented its reform and open-door policy, the use of state capitalism entailed new contents.

In general, after Lenin died, the use of the state capitalist form in the countries that were making the transition to socialism did not follow Lenin's ideas. That was regarded simply as a peaceful way to reform the national bourgeoisie based on a spirit of "atonement." The fact that a non-commodity economy ruled for many years in those countries clearly indicates what people thought of state capitalism as advocated by Lenin.

Even though some of the forms of state capitalism existed in our country's economy, it must be recognized that because of the control exerted by dogmatic viewpoints and voluntarism concerning socialism, we did not fully understand the very important argument advanced by Lenin on the occasion of the fourth anniversary of the October Revolution: "In a small-peasant country, comrades must build small but strong bridges and pass through state capitalism in order to advance to socialism." [Footnote 10] [Ibid., vol 44, p 189]

The resolutions issued at our party's sixth and seventh congresses are in actuality a return to Lenin's viewpoints. The difference is in the analysis of the new historical situation in which state capitalism was implemented in our country. This is a viewpoint on a multifaceted economic structure in which the private and state capitalist economies are integral elements.

The use of state capitalism in Vietnam today has many new features as compared with the use of state capitalism in Russia during the time of Lenin.

In Lenin's time, Russia was in the gun sight of world imperialism. It was the target of the imperialists, who wanted to use violent means, primarily war, to annihilate it. Even today, the conflict between imperialism and socialism has not declined or eased. Capitalism, in the judgment of the French communist party, is still economic and political imperialism. The United States, according to Ramsey Clark, the former U.S. attorney general, is still a judicial imperialist. However, there are three new factors that are affecting the production chain and fundamentally changing the economic and political face of the world today. The three factors are the scientific and technical revolution, the internationalization of world industrial production and the world-wide appearance of a commodity economy, and the tide to reform the economic system and structure in each country. The special characteristic of the end of this century is that world-wide economic competition is taking place in an environment in which the countries in the world are both struggling and cooperating based on peaceful coexistence. Peace and development are the two major tides in the world today. This environment, along with the challenges, is creating favorable opportunities for us.

Objectively, because of the new international division of labor in an internationalized production, mutual dependence among the countries of the world has become a law that has forced all countries to make economic development their strategic target. Mutual dependence also means that not only do we need others, but they also need us. By a quirk of history, Vietnam is located along the Pacific Rim in Asia, which will be one of the fastest growing regions in the world in the next century. Because of the geographic-economic shift from the Atlantic to the Pacific, Southeast Asia is considered to be the region with the greatest potential for development. There have also been predictions about a new economic surge in China and Indochina, and this is making the "world" take notice of us. Besides this, we must also mention the conflicts that can and must be used in the competitive relations between countries and economic forces.

Subjectively, our renovation line, which is correct and which has appropriate steps, is gradually penetrating daily life and generating new changes in economic and political life. Our country's natural conditions and resources are very attractive to the outside world.

As for our difficulties, we must mention the small amount of capital of the national bourgeoisie and private economic elements. We have almost no experience in developing a market economy, particularly in working with the capitalist countries and managing state capitalist enterprises. Also, the American embargo has caused many difficulties for us. And there is a new difficulty that did not exist in Lenin's time. In Lenin's time, the scientific and technical gap between countries that opposed each other politically was not very large. But today, this gap is very large. Furthermore, it is the developed industrial countries that have the advantage. Today, the new scientific and technical revolution can enable an underdeveloped country such as Vietnam to quickly find a proper spot in the international division of labor. But on the other hand, this is also a challenge and danger for countries with low scientific and technical standards. This can transform these countries into new colonies of the developed industrial countries in "soft wars."

However, the common judgment is that with an open economic policy and flexible political and diplomatic strategy based on the principle of preserving our independence and sovereignty, elevating the spirit of "bravery" and "daring to pay the price," especially now that we have created the strength to break the American encirclement, there is great hope for our being able to implement state capitalism in Vietnam. But in spite of this, for a country such as ours that "has more peasants than Russia," it will not be easy to "move through state capitalism in order to build socialism." It will be difficult for us to avoid making mistakes and encountering obstacles and having to "pay the price." This is because these are new problems, and we are in the process of implementing things. Thus, it is still too soon to prescribe an effective drug. However, based on the few experiences gained during Lenin's time and his legacy and on a

logical analysis of the problems, we can mention a number of points that need to be considered in order to make effective use of state capitalism in building socialism in our country.

First, we must have a correct concept concerning state capitalism in a small-peasant country that is advancing to socialism. This is the "bridge" that must be "built." Without this, we will not be able to advance on the socialist path. Once we have implemented a type of capitalism that is controlled, regulated, and limited by the state, we must have a broader view and accept the great price that every economically backward country must pay if it wants to grow. The entire party and all the people must have a long-term and unified viewpoint, and they must be alert and steadfast in dealing with the many paradoxes that will arise.

Second, we must develop a multifaceted commodity economy based on socialist targets. The important thing is to have rational policies in order to free and develop, to the degree necessary, private economic forms in general and rural private capitalist economic forms in particular. This must be done in order to expand the production forces and to create the conditions for attracting foreign capital. Lenin affirmed that in moving from capitalist currency relations to socialism, "private capitalism...plays the role of assisting socialism..." and "private capitalism (without saying any more about state capitalism) can be used to promote socialism." [Footnote 11] [Ibid., vol 43, p 281] But to what degree should this be used? Lenin did not define that. He said that "experience will tell." [Footnote 12] [Ibid., vol 43, p 463] As for a capitalist country, according to calculations made by Vasily Leonchiev, an American economist who won the Nobel Prize, private capitalism must account for one-half of the Gross National Product. As for Vietnam, realistic forms today include signing lease contracts, selling bids, paying long- or short-term rent (particularly in agriculture and forestry), and transferring commercial rights to capitalists and private economic organizations in the case of those state enterprises that are losing money and enterprises that the state cannot or does not need to invest in.

Third, an essential point for a country that has not gone through capitalism is to "import" capitalism from outside. In recent years, our open-door policy has attracted a certain amount of foreign investment capital, but as compared with our capabilities and needs, that amount of capital is still very small. According to forecasts, in the next 10 years, we will need at least \$10-12 billion from outside the country. In order to bring in that much, we can use a variety of forms such as joint ventures, cooperative ventures or ventures in which 100 percent of the capital comes from abroad, share corporations, processing, export processing zones, foreigners opening offices to sell materials and opening banks, and so on. Among these forms, the joint venture form—according to observations by a number of foreign businessmen—is an "excellent idea." In the new situation, attention must be given to granting concessions and mobilizing capital

from Vietnamese living abroad. When the Soviet Union and East European socialist countries were still in existence, we gave very little attention to the concession form, but now this is an urgent requirement.

Along with determining and looking for good forms to "import" capitalism from abroad, we must have a strategy to integrate ourselves into the world market. This includes understanding the needs and interests of the targets and analyzing and making use of the competitive relationships between countries and economic forces. Proper steps must be determined in accord with the real economic strengths and culture of the country, such as the strategy of "following along," "pursuing," and "overtaking." Selecting a basis for working with other countries and selecting "friends" are not simple matters. World reality shows that there have been many cases in which joint ventures have been set up, but they have not been able to find foreign markets (an example is Russia's joint venture with the Adidas shoe company).

Fourth, state capitalism is necessary and to be welcomed in view of the fact that it will be controlled and regulated by the state. That is, the state must control and regulate this. To state this another way, we can and must use capitalism to promote socialism, but it must also be realized that capitalism can gain the upper hand if our state apparatus is weak.

Using state capitalism—as Lenin often reminded people—requires having a very flexible policy. Because the policy will be flexible, the state apparatus must be strong. This strength must stem from economic strength. The state must control and make effective use of economic command posts, materials and commodities, publicly-owned economic installations, industrial and communications and transport installations, and so on. In a commodity economy and with the presence of state capitalism, the strength of the state must be centrally manifested in financial strength. As Lenin said, the state, controlled by the proletariat, must become a "capitalist monopoly" state but without the participation of the bourgeoisie. The state must give credit, make investments, and so on in order to control and regulate both private capitalism and state capitalism.

The strength of the state apparatus rests with its enforcement capabilities. Otherwise, the state apparatus will have no effect. State capitalism is an indication of a certain level of culture and civilization of mankind. Because of this, state capitalism cannot be used as a means to build socialism unless we understand the culture and civilization, particularly the market economy culture, already built by capitalism. Our state apparatus must have "a number of high-quality people, meaning that we must have people who are in no way inferior to the excellent people in Western Europe." [Footnote 13] [Ibid., vol 45, p 442]

Fifth, there must be social policies and political and ideological activities that are in line with the process of implementing state capitalism in our country. The core

of the problem is to rationally reduce the income gap between those who work in state capitalist economic installations and those who work in other enterprises. The realities in Guang Zhou Province in China, where there are joint-venture corporations with other countries, show that the people who work in such joint-venture corporations earn an average of \$200 a month while people who work outside those corporations earn an average of only \$100 a month. That income is five times higher than the income earned by people in provinces that do not have such joint-venture corporations. And for this reason, it has been impossible to avoid cases of corruption, with the worst thing being the fading of the family concept among the laborers.

Finally, "who will win" and "who will use who" depends on the quality and capabilities of the ranks of people who will carry out things.

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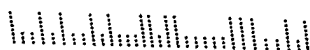
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